



STATE OF DELAWARE


PUBLIC SERVICE COMMISSION
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November 7, 2016

MEMORANDUM

TO: The Chair and Members of the Commission

FROM: Shona Marshall, Public Utility Analyst 

SUBJECT: IN THE MATTER OF THE APPLICATION OF HOVEY ENERGY, LLC FOR A CERTIFICATE TO
BROKER ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE (SUBMITTED
MAY 11, 2016; FILED OCTOBER 21, 2016) - PSC DOCKET No. 16-0637

Background

On May 11, 2016, Hovey Energy, LLC (the “Company” or “Hovey”) submitted an application (the “Application”) with the Delaware Public Service Commission (the “Commission”) for an Electric Supplier Certificate (“ESC”) to Broker electric supply services in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the “Act”) and 26 *Del. Admin. C.* §3001, the Commission’s Rules for Certification and Regulation of Electric Suppliers (the “Supplier Rules”).¹

Application

The Company’s original filing was submitted on May 11, 2016 but the submitted Application did not meet the minimum filing requirements (MFR’s). In a letter dated June 3, 2016, Commission Staff (“Staff”) requested the Company submit a new filing using the new broker application, revised on December 3, 2015. In a letter dated July 21, 2016, Staff sent a second notice to the Company to submit a new filing using the new broker application. After speaking with a representative of the Company, Staff was made aware of the Company’s difficulties utilizing Delafile’s filing features. Staff instructed the Company’s representatives to submit the revised filing via mail. This filing was received on August 1, 2016. Staff sent a final letter dated October 4, 2016, directing the Company to submit a request for a waiver of the contract requirement for residential and small commercial customers. The waiver request was received on October 21, 2016. This information satisfies the MFR’s for this Application.

Review and Analysis

Authority to do Business in Delaware

¹ Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

The Company is a limited liability company formed under the laws of the state of Illinois. On August 1, 2016 the Company provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware issued September 17, 2015 and September 29, 2015.

Resident Agent

The Company supplied the contact information for a Delaware Registered Agent listed in the application is InCorp Services, Inc. located at One Commerce Center, 1201 Orange St, #600, Wilmington, DE 19899.

Compliance with Regional Requirements

The Company affirms in its Application that it will only present electricity supply contracts to its customers from Marketers/Electric Suppliers who are in compliance with all applicable PJM requirements.

Financial, Operational, Managerial and Technical Ability

The Company provided income statements, balance sheets, and cash flow statements for the years ended December 2014 and December 2015. The Company also provided forecasted statements for the years of December 2016 and December 2017 as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff has reviewed the financial statements and believes that the statements show substantial evidence of the Hovey's ability to broker electric supply services in the State of Delaware.

The Company anticipates acting as a broker serving Residential and Small Commercial customers for the sale or purchase of electricity throughout the State of Delaware. The Company's application states that it is currently licensed in the states of Illinois, Massachusetts, New Jersey, Ohio, and Pennsylvania. Hovey has an application pending in the District of Columbia. Staff confirmed the Company is licensed in those states by conducting an internet search of the utility commission websites of each state, except for New Jersey. Staff was also able to confirm that the Company is authorized to do business within the following states, according to the Secretary of State Websites: Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Ohio, Pennsylvania, and Rhode Island. Hovey did state in its Application that the State of Delaware denied a previous application to broker electric supply services on March 31, 2016. However, the previous application, submitted July 24, 2015 and docketed as 15-1151 was not denied. The application in Docket No. 15-1151 was considered abandoned due to an incomplete application pursuant to the Act and Supplier Rules in a letter dated March 31, 2016.

The Application included a summary of key operating personnel of the Company. Melissa Hovey is the owner of Hovey Energy, LLC, a telemarketing company specializing in the energy industry, founded in June of 2012. Mrs. Hovey has over 27 years of managerial experience, 19 years of marketing experience, and four years of experience in the energy industry. Over her career, Mrs. Hovey has held the following positions: Marketing Specialist for Lettuce Entertain You Enterprises (May 1986-June 1989), Principal of Melissa Anderson & Associates (June 1989-June 1994), General Manager of Operations at Shelter, a night club (June 1994-March 1998), Account Director and Senior Account Supervisor and KBA Marketing (April 1998-March 2001), Vice President and Account Director of Draftfcb (April 2001-December 2004), and Senior Vice President and Partner of Client Service at Legacy Marketing Partners (January 2004-May 2012). Mrs. Hovey has also contributed her time and resources to various non-profits over the course of her career. Robert Hovey, Jr. is the President and Chief Executive Officer ("CEO") of Hovey Energy, LLC. He has held this position since August 2012. Mr. Hovey possesses over 18 years of managerial experience, 29 years of marketing experience, and four years in the energy industry. Over his career, Mr. Hovey has held the following positions: Sales at International Profit & Associates, WXLC Radio, American Hotel Registry, K&D Products, and Corporate Bank Services,

and CDS Supply (1987-1998), Partner at Xtreme Traffic Builders, Inc. (1998-2005), Partner at Chicago Mortgage Acceptance (2000-2006), and Partner at Rush Hour Events (2005-2011). Mr. Hovey also holds several copyrights and a patent for promotional devices.

Surety Bond

The Company did not post a surety bond because it is a Broker only and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

Verification of Application

The original Application contained a signed sworn verification of application with the signature of Robert Hovey, President and CEO of Hovey Energy. Subsequent filings to the Application have also been verified by Robert Hovey.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company is applying for a license to broker electric supply services for residential and small commercial customers. As a Broker, the Applicant will not have contracts with residential or small commercial customers to provide electric supply services. The applicant has agreed to only work with an entity that complies with PJM's requirements and is a Certified Electric Supplier in Delaware. A Certified Electric Supplier in Delaware, at the time of filing, provides its standard contract for Residential and Small Commercial Customers or a link to the contract on the Applicant's website for Staff review, pursuant to the Supplier Rules.

Statement of Criminal Activity

The Applicant provided criminal history records for Melissa Hovey and Robert Hovey regarding legal incidents incurred as a result of substance abuse that transpired over 14 years ago. An internet review of the Company and its principals did not return any recent incidents of criminal activity.

Legal Review

Staff submitted this Memo for review by the Attorney on November 17, 2016.

Staff Recommendation

Based on Staff's review and analysis of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The Company resolved all outstanding issues with Staff and the completed Application supports the Company's request for certification. Staff's review and analysis of the Application submitted by the Company demonstrates substantial evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends the Commission approve the Application.